



## **TOWN OF WAYLAND, MASSACHUSETTS**

Management Letter  
For the Year Ended June 30, 2020

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To the Board of Selectmen  
Town of Wayland, Massachusetts

In planning and performing our audit of the financial statements of the Town of Wayland, Massachusetts as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the Town of Wayland's internal accounting control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonable possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Merrimack, New Hampshire  
Andover, Massachusetts  
Greenfield, Massachusetts  
Ellsworth, Maine

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A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Significant deficiencies are noted in the table of contents and comment headings.

During our audit, we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The other recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

The Town's written responses to our comments and suggestions have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, Board of Selectmen, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance, including those overseeing the financial reporting process, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

After you have had an opportunity to consider our comments and recommendations, we would be pleased to discuss them with you.

A handwritten signature in dark ink that reads "Melanson".

Merrimack, New Hampshire  
December 31, 2020

## **PRIOR YEAR RECOMMENDATIONS:**

### **1. Ensure Compliance with Uniform Guidance**

***Prior Year Comment:***

In the prior year, we recommended that the Town implement enhanced policies and procedures and that all departments be made aware of Uniform Guidance (over federal grants) requirements, including but not limited to: written procedures in accordance with COSO's internal control framework, enhanced capital asset accounting, and enhanced procurement procedures.

***Current Year Status:***

The recommendation has not yet been implemented.

***Further Action Needed:***

We continue to recommend that the Town adopt enhanced policies and procedures to ensure compliance with federal guidelines.

***Town's Response:***

Town Management is aware of the requirements of Uniform Guidance related to Federal Grants. The Town does not receive Federal Grants related to these requirements. However the Town has initiated numerous policies and procedures to further strengthen the oversight and accountability related to procurement processes and recordkeeping. The initiatives include changes to invoice processing and review, penalties on carryover balances, advanced payments and departmental signoffs. Additionally the Town has increased numerous controls such as issues related to conflict of interest, procurement procedures, and maintenance of records. We will continue to improve these and other controls as deemed necessary.

### **2. Re-establish Timely Cash Reconciliations (Significant Deficiency)**

***Prior Year Comment:***

In the prior year, we recommended that the Town re-establish monthly cash reconciliations to improve the reliability of interim financial reports and accelerate the year-end closing process.

***Current Year Status:***

Monthly cash reconciliations were not regularly performed throughout the fiscal year and in July of 2020, the Town engaged an outside service provider to reconcile all bank accounts, cash book, and MUNIS for all of fiscal year 2020.

**Further Action Needed:**

The Town should reconcile cash on a timely basis to ensure reliable interim reporting and a timely closing process.

**Town's Response:**

The Town Treasurer will implement monthly controls and reporting related to the reconciliation of cash.

**3. Improve Controls Over Payroll**

**Prior Year Comment:**

In the prior year, we recommended that the Town perform an internal audit of payroll to ensure all controls are adequately designed and operating effectively.

**Current Year Status:**

Our sample testing of school payroll disclosed the following:

- One employee was double paid in a pay period. The amount was corrected during the next pay period.
- Another employee's rate could not be verified. A retro payment was made to this employee to correct the error.

**Further Action Needed:**

We continue to recommend that the Town review all procedures surrounding payroll to ensure that internal controls are adequately designed and operating effectively.

**Town's Response:**

Regarding the two specific issues noted above:

- The School Department's payroll office identified the issue related to an employee being double paid and corrected the issue in the following pay period.
- The employee's rate was identified and a retro-payment was made. This issue was created through a contract error at the end of FY 18 when an employee was shifted from a WES positions to a hybrid WESA/Non-Union position.

In FY 20, a series of internal audits were performed and Clifton Larson Allen Associates was contracted to conduct two external audits of the Human Resources and Payroll system. Informed by the audits, the school department developed and implemented a number of changes in its payroll processing to increase accuracy and improve efficiency, Actions taken included hiring an experienced and skilled Payroll and Benefits Specialist to enter and monitor MUNIS Job/Salary and Master File data and process payroll, utilizing

the electronic upload functions of time sheets and accruals in Munis rather than entering data manually and working with MTRS to become current on monthly reporting.

#### **CURRENT YEAR RECOMMENDATIONS:**

##### **4. Transfer Funds on a Timely Basis**

In fiscal year 2020, the Town appropriated \$551,054 to the Other Post-employment Benefit (OPEB) Trust Fund. This transaction was recorded in the general ledger in October 2019, but the actual bank account transfer was not made until August 2020. The timing issue was resolved in August 2020; however, the reconciling item results in less clarity of the Fund's Net Position which is used in measuring the Net OPEB Liability. Additionally, without timely transfers, investment earnings are not recognized in the proper fund.

We recommend that the Town ensure that OPEB transfers be made on a timely basis to ensure that Trust assets in the general ledger agree directly with Trust assets in the OPEB-specific bank account.

***Town's Response:***

The Town Treasurer will review the Certified Minutes of each Town Meeting and ensure that all fund transactions occur on a timely basis.

##### **5. Ensure Motor Vehicle Bills are Issued Timely**

The Town's second and third motor vehicle 2020 commitments (billings) were mailed to residents in late June 2020, as opposed to April when the bills are generally issued. As a result, the current year-end receivables more than doubled the prior year receivable and contributed to the shortfall of revenues compared to the budget.

We recommend that bills be issued in a timely manner to ensure adequate time to receive collection and the recognition of revenue in the same fiscal year.

***Town's Response:***

The Town Treasurer will prepare a billing schedule with the billing vendor to ensure all commitments get process on a timely basis. We believe that late billing was a one-time event and recognize the importance of timely billing of commitments.